

Message Text

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PAGE 01 SANTIA 08666 241717Z

44

ACTION EB-07

INFO OCT-01 ARA-06 ISO-00 SSO-00 NSCE-00 USIE-00 INRE-00

CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03 NSAE-00 NSC-05

PA-01 PRS-01 SP-02 SS-15 CAB-02 COME-00 DOTE-00

FAA-00 TRSE-00 /056 W

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FM AMEMBASSY SANTIAGO

TO SECSTATE WASHDC IMMEDIATE 6322

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E. O. 11652: N/A

TAGS: EFIN, CI

SUBJECT: CIVAIR - RECIPROCAL TAX EXEMPTION AGREEMENT

REF: A. STATE 280252 B. STATE 280594 C. KENNEDY/HECHTMAN

TELCON OF DECEMBER 24

1. PRESIDENT PPINOCHET SIGNED DECREE LAW (DL) DECEMBER 23

AUTHORIZING RECIPROCAL TAX EXEMPTION. PROBLAM AROSE, HOWEVER,
WHEN GOC LEGAL CORRDINATING COMMITTEE THOUGH AGREEMENT APPPLIED
ONLY TO CORPORATIONS (LAN/BRANIFF). WHIL LEAVING PARA 1 A
UNDISTURBED, COMMITTEE DELETED REFERENCES TO INDIVIDUALS (1 B).
THIS WAS DONE WITHOUT PRIOR CONSULTATION WITH LEGAL ADVISOR
TO FONMIN.

2. FONMIN LEGAL ADVOSOR ADVISED US THAT NEITHER AMENDMENT
OF DL TO COVER INDIVIDUALS NO A SUPPLEMENTARY DL TO SAME END
WOULD BE POSSIBLE BEFORE DECEMBER 31. NO EXCHANGE OF NOTES
WOULD BE VALID UNDER CHILEAN LAW ABSENT DL COVERING EVERY
RELEVANT POINT.

3. FONMIN LEGAL ADVISOR, WITH WHOM EMBASSY CONCURS, CONSIDERS
THAT URGENCY OF NEED FOR AGREEMENT BEFORE DECEMBER 31, 1975
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PAGE 02 SANTIA 08666 241717Z

EXTENDS ONLY TO CORPORATIONS. THERE IS NO PARALLEL NEED WITH

REGARD TO INDIVIDUALS REPEAT INDIVIDUALS TO MAKE TAX EXEMPTION
RETROACTIVE TO JANUARY 1, 1975. FONMIN LEGAL ADVISOR PREPARED
TO DRAFT SUPPLEMENTARY DL FOR PROMULGATION AFTER JANUARY 1,
1976 WHICH WILL AUTHORIZE SECOND EXCHANGE OF NOTES COVERING
INDIVIDUALS RETROACTIVE TO JANUARY 1, 1976.

3. HENCE, WE URGENTLY RECOMMEND:

- A) GOING AHEAD WITH EXCHANGE OF NOTES MONDAY, DECEMBER 29 AS PER REF B, WITH REFERENCES TO CITIZENS AND INDIVIDUALS IN PARA DELETED.
- B) AWAITING PROMULGATION OF SUPPLEMENTARY DL AFTER JANUARY 1, 1976, AT WHICHTIME FURTHER EXCHANGE OF NOTES COVERING CITIZENS AND INDIVIDUALS WILL TAKE PLACE.

4. APPROVAL REQUESTED.

POPPER

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Message Attributes

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Margaret P. Grafeld
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